

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
July 18, 2006
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Tuesday, July 18, 2006 a Regular Meeting of the Illinois Gaming Board ("Board") was held in the conference room of the Gaming Board Offices on the 3rd floor at 160 N. LaSalle for closed session.

The following Board Members were present: Chairman Aaron Jaffe, Members Charles Gardner, Joseph Moore, Eugene Winkler and James Sullivan.

At 10:30 A.M. Chairman Jaffe called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

1. **Personnel matters;**
2. **Pending Litigation;**
3. **Investigations concerning applicants and licensees; and**
4. **Closed Session Minutes.**

Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

The Board convened its Open session at 1:33 P.M. pursuant to motion.

Approval of Minutes

Member Moore moved that **the Board approve the closed and open session minutes of its Regular Meeting of June 22, 2006.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

Administrator's Report

Mark Ostrowski stated that the September meeting will not be held in Metropolis, but rather a later date. Mark also stated that the November meeting will be re-scheduled due to a conflict with the G2E conference. Joe Stratman has been named Squad Leader for investigations.

OWNER LICENSEE ITEMS

a. Item for Initial Consideration – no motion

- Casino Rock Island – New Site Financing

Donna More addressed the Board in reference to Rock Island pertaining to Guggenheim. Member Gardner highlighted a few of the concerns that the Board has based on material the Board received within the last week. Member Gardner stated that an offering memorandum was received in March and was not distributed amongst the Board members, that differs from the Guggenheim proposal. Our concerns are not all inclusive. We are concerned about the level of leverage in this deal. We want to know who Guggenheim is and who are the other investors in the debt portfolio, and then the Board will decide to what extent we need to do Due Diligence on them. Guggenheim wants disputes covered by New York law, and we want it very much covered by Illinois law. The time limit of 30 days is not something we will be bound by. That was the same thing that was said when we were there in October. The bottom line is we are going to respond to what we get as soon as we get it and as quickly as we can. We can't be under any obligation to meet a time table that is unreasonable.

b. Items for Final Action

- Par-A-Dice – 2006 Capital Project - Hotel

Based on a review of staff's investigation and recommendation, Member Gardner moved that **the Board approve Par-A-Dice Gaming Corporation's 2006 Hotel renovation project subject to further approval by the Administrator of the actual construction contract at the time, major subcontractors, and subject to his approval of each of those vendors as appropriate to the industry.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Empress Casino Joliet Corporation – License Renewal

Member Winkler expressed thanks for Empress' facilities for last month's meeting, and an excellent presentation by Empress for their license renewal.

Member Winkler commented on Empress' Social Investment Strategy and the lack there of in the greater Joliet area. The people that came before us were quite impressive. To compare it to the Casino Queen in East St. Louis, a much different community. Casino Queen's adjusted gross revenue for last year was a little more than half of what Empress' adjusted gross revenue was, and yet Casino Queen is doing twice as much in the community as Empress is doing in Joliet. Empress needs to step up and do a lot more in terms of being a good corporate citizen and using its profits more equitably in the community. What you are doing is good, but it is not good enough.

Member Moore stated also that the social diversity needs to be addressed.

Member Moore also stated that the social investment strategy is not going to go away, and more emphasis will be put on that as the days go by.

Member Winkler stated that Joliet is a very diverse community. What Empress does has to reflect that in the community.

Jeff Pfeiffer stated that Empress has made some inroads, certainly in the last couple of years, as well as our employee base. Pfeiffer stated that Empress will continue to focus on these things.

Based on a review of staff's investigation and recommendation, Member Moore moved that **the Board approve the Owner's License of the Empress Casino Joliet Corporation for a term of 4 years expiring in July 2010.**

Further, Member Moore moved that **the Board certify and approve the following entities, positions and persons as Key Persons of the Empress Casino Joliet Corporation:**

1. Penn National Gaming, Inc.;
2. Argosy Gaming Company Inc.;
3. Chief Executive Officer of Empress;
4. Director(s) of Empress;
5. Chief Operating Officer/President of Empress;
6. Executive Vice President of Operations of Penn National Gaming;
7. Regional Director/Internal Audit – Midwest Region;
8. Peter M. Carlino;
9. Kevin G. DeSanctis; and
10. Leonard M. DeAngelo.

Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

OCCUPATIONAL LICENSES APPROVALS & DENIALS

Based on staff's investigation and recommendation, Member Moore moved that **the Board approve 23 applications for an Occupational License, Level 2, and 144 applications for an Occupational License, Level 3.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

Further, Member Winkler moved that **the Board direct the Administrator to issue Notices of Denial to the following two applicants for Level 2 and Level 3 licenses, each of whom previously received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut that recommendation:**

1. Anthony Thuro; and
2. Tracey Sweat.

Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

PROPOSED COMPLAINTS AND DISCIPLINARY ACTIONS

- Hollywood Casino

Based on the staff's investigation and recommendation, Member Sullivan moved that **the Board issue a Disciplinary Complaint against Hollywood Casino – Aurora, Inc. for its failure to comply with the Board's Rules and other requirements in relation to the Board's Self-Exclusion Program and for failing to properly flag the names and addresses of 45 self-excluded persons in the program in certain Hollywood Casino computer databases.**

Further, Member Sullivan moved **that the Board impose a fine of \$ 200,000 on Hollywood Casino – Aurora, Inc. Said action to take effect twenty-one days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Alton Belle Casino, Jerry Rubemeyer, Nick Harvey

Based on the staff's investigation and recommendation, Member Gardner moved that **the Board issue a Disciplinary Complaint against Alton Gaming Company d/b/a Alton Belle Casino, Jerry Rubemeyer and Nick Harvey for their failure to properly monitor, inspect and operate surveillance equipment which resulted, in part, in the failure to record bill validator and slot token drops on two separate occasions.**

Further, Member Gardner moved that **the Board impose a fine of \$ 75,000 on Alton Gaming Company d/b/a Alton Belle Casino, suspend Jerry Rubemeyer for a period of 5 days and suspend Nick Harvey for a period of 5 days. Said action to take effect twenty-one days from the date of service of the complaint unless the licensees or employees file an Answer within that time period.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Empress Casino

Member Gardner stated that this is the second time for an Argosy penalty of this nature in the last five years; that is part of why this fine seems to be higher than expected. Secondly, one of the reasons we are concerned about the Par-A-Dice situation you just heard about, it has called our attention to the fact that we need to make sure that the entire industry is reviewing the vendors that they do business with.

Based on the staff's investigation and recommendation, Member Moore moved that **the Board issue a Disciplinary Complaint against Empress Casino Joliet Corporation d/b/a Empress Casino Joliet for its failure to comply with the Board's Rules and other requirements in**

relation to not conducting appropriate and reasonable due diligence regarding a vendor with which it conducted business.

Further, Member Moore moved that **the Board impose a fine of \$ 150,000 on Empress Casino Joliet Corporation d/b/a Empress Casino Joliet. Said action to take effect twenty-one days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Gardner seconded the motion. The motion passed with four votes. Member Sullivan abstained.

- Ruth Garza, Cage Cashier

Based on the staff's investigation and recommendation, Member Winkler moved that **the Board issue a Disciplinary Complaint against Ruth Garza, a Level 3 Occupational Licensee, for failing to comply with the Illinois Riverboat Gambling Act and the Board's Adopted Rules in relation to her preparation of false Cash Transaction Reports and her attempt to delete them from the computer system.**

Further, Member Winkler moved that **the Board revoke Ms. Garza's Occupational License. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an Answer within that time period.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- In Re: The Disciplinary Action of Todd Porter, No. DC-04-14- Settlement Agreement

Based on staff's recommendation, Member Gardner moved that **the Board accept the proposed settlement agreement and delegate to the Administrator the authority to execute such agreement.**

Further, Member Gardner moved that **the Board authorize legal counsel to present the settlement agreement to the Administrative Law Judge for disposition of this matter, in accordance with the terms of the settlement agreement.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

Chairman Jaffe stated that the amount of fines is over \$400,000.00; this is a tough Board and we intend to enforce the Gaming Act and the Rules and Regulations.

PUBLIC COMMENTARY

Todd Ruder addressed the Board in the following statement:

Chairman Jaffe and Members of the Board

On behalf of my sister and me, I would like to thank you for this opportunity to talk to you today about my mom and the Self Exclusion program.

My mom called me on her 67th birthday on the 3rd of this month. It's important that you know this because we hadn't spoken for a couple months. Back in May was when she admitted to me that she had relapsed. We exchanged words, which ended with Mom telling me to "shove it" and to leave her alone before hanging up on me. She has never spoken to me like that before. But lately, Mom has become a very different person.

For about the past two years, this thing has grabbed hold of her. Maybe it was stress over her upcoming retirement, maybe it was putting both her parents in a nursing home, maybe it was having her parents die within two months of each other. I can't say for sure, but I can tell you this: it doesn't make sense to me that Mom is an addict.

She was always the one to say she couldn't understand the allure of casinos. "Why would anyone want to waste so much time there," she would say. But within two years, she has lost all her savings, she has sold her home and plowed the proceeds into the casinos, she has cashed out her pension and blown that, too. When I called the Empress to explain Mom's situation, they told me about the Self-Exclusion program.

"It was humiliating," Mom told me after she finally agreed to put herself on the list. She arrived at the Empress for what she thought would be one final outing, with all she had on her: \$20. After losing every last dime, she signed herself out. "I had to sign all these papers and hear these long lectures," she said.

"Good," I thought. "I'm glad the Empress is giving it to her straight," I foolishly thought. "I can't get through to her; maybe the Empress can make her realize it's all over now." At the time she had registered, Mom had admitted to losing \$100,000.

So how is it that she now admits to having lost over \$160,000 despite having signed herself out? Simple, she's still going. After Mom realized that for the first time she would be receiving from me no present, no card, and no "Happy Birthday" greeting, she called me on July 3rd. I asked her about her relapse from May. I asked her how she kept getting in when she's not allowed on.

"It's easy," she said. "They don't card me."

I reminded her that if she ever won big, they would ask for her I.D., and then it would all be over."

"But I don't play anything where I could possibly win big," Mom explained like an old pro. "All I have to do is play the machines that don't pay over \$1200, and then they'll never know."

So it is very easy after all, I discovered. Back in May, Mom told me that she had lost \$25,000 in the relapse. On her birthday, she said it was \$35,000 – all of it after she signed herself out. I'm convinced it's over \$50,000, and that's why I'm here today to ask for your help.

Last month, you had announced that everyone under 30 who boarded a casino would have their name compared to a database of names on the Self-Exclusion program. I believe this is a good start, but it doesn't help my mom.

Once I found out she was still going, I called the Empress, her favorite casino, and asked them how she could still board. I was transferred to security, and I explained that there's a loophole in the self-exclusion program. The security guard who took my call had a suggestion for me: I should try to get my mom arrested. What he suggested is that if somehow I had a hunch that Mom was at the casinos, and if somehow I was able to describe what she was wearing that day, he would send security out to look for her and if they found her, they could have her arrested.

"That's your solution?" I remember thinking. I'm pretty sure my mom doesn't have any moving violations – I know she doesn't have a criminal record. I don't see how I'll be helping Mom if I work really hard to get her arrested. Isn't a better solution to I.D. everyone who boards these casinos so Mom and other addicts like her could be turned away before getting arrested?

I realize it may be an inconvenience. I realize it may be costly to hire additional security to handle longer lines. I'm not naïve enough to think the tax revenues generated from Illinois casinos is something the state doesn't want. Believe me, my sister and I are public school teachers; we feel the pinch when the state is running low on funds. Still, I can think of something more important than keeping the steady flow of tax revenue coming from the casinos; that is to protect Illinois casinos.

My guess is that many politicians liked the idea of an additional source of revenue when someone first proposed bringing casinos to Illinois. I'm absolutely positive that no one liked the possibility of Illinois citizens becoming compulsive gamblers, but that's what happened to my mom and many others like her. If casinos are a permanent fixture in Illinois, then the state bears the burden of keeping their citizens safe. Securing additional state revenues shouldn't consequently destroy the lives of some citizens.

At 67, my mom has ended her retirement and gone back to work as a nurse. It scares me to think of her future and what will become of her. Over \$160,000 is what she's admitted to. Last month, I attended your board meeting. I watched a wonderful PowerPoint presented by the Empress. I heard tales of generosity; a casino that gives jobs to Joliet residents, a casino that awards employees with college scholarships. I sat there and listened to the Mayor of Joliet give his endorsement to keep the Empress in Joliet, and I have one question: where are these people now?

The Empress took credit for paying an average salary of \$40,000. Why didn't they have a picture of my mom in their PowerPoint? She single-handedly paid the annual salaries of four Empress employees. The Empress also took credit for awarding \$1500 scholarships even though it's my mom who helped over 106 Empress employees pay for college. Why aren't the Empress scholarship winners here today to thank my mom for their scholarship? Why isn't the Mayor of Joliet here to thank my mom for giving jobs to Joliet residents?

My mom needs your help. The Empress may not care. The scholarship award winners may not care. The mayor of Joliet may not care. I believe you care. After we lost my grandpa in February, I shuddered when I heard Mom would receive a small inheritance. It wasn't long afterwards that I heard of her relapse. Today, Mom still talks about working all night double

shifts, and I have to wonder if she's still at it. I am here today to ask you to do right by a family that has been broken because of Illinois casinos. These casinos have ruined my mother, and yet, they still want more from her. Please put a stop to it.

Member Moore asked how does a person get on the boat who is on the self-exclusion list. Jeff Pfeiffer explained that if a person does not identify themselves via some form of transaction or obtaining a complimentary, it makes it very hard to identify the patrons. Todd Ruder's mother's photo was distributed to all employees, in hopes of hindering her from entering the boat. Member Moore stated that if the patron had not won any large jackpots, they will not be identified. Jeff Pfeiffer stated that any time an identification is presented, they check it against the self-exclusion list. Member Moore asked if she could get back on the boat, and it was stated that if an I.D. was not presented she could get back on.

Gene O'Shea stated that all boats were notified to be on the look out for this woman and notify the other casinos in hopes of deterring her access to any of the casinos.

Member Gardner asked if the Empress is on the look out for Todd's mother, and asked Jeff Pfeiffer's view on carding everyone upon entering the boat. Jeff expressed his views on this issue.

Member Gardner commented on the fact that Missouri does card everyone. Jeff Pfeiffer said that they do check an I.D. before a player's card is used.

Todd Ruder did thank Gene O'Shea for all his help. He expressed that the gesture of arrest is not the best alternative; he believes that carding everyone is the best way to help problem gamblers.

At 2:23 p.m. Member Winkler moved to adjourn . Member Gardner seconded the motion. The motion passed unanimously by roll call vote.

Respectfully submitted,

Mary C. Boruta
Secretary to the Administrator